

APPENDIX A

MEMPHIS-EAST STUDY AREA

Total Area

General Obligation Portion of Cost of Annexation

Annual Operating Costs

General Government Costs	\$103,000
Street Lights	98,500
Schools	<u>15,000</u>
Total	<u>\$216,500</u>

Capital Costs

<u>Facility</u>	<u>1st-5th Yrs.</u>	<u>After 5 Yrs.</u>	<u>Total</u>
Streets	\$ 195,000	\$ 5,875,000	\$ 6,070,000
Drainage	-	-	-
Sewers	50,000	750,000	800,000
Sanitation Dept.	30,000	60,000	90,000
Fire Hydrants	220,000	-	220,000
Fire Stations	1,100,000	-	1,100,000
Fire Trucks & Equip.	430,000	-	430,000
Fire Alarm System	650,000	-	650,000
Parks	460,000	75,000	535,000
Library	-	150,000	150,000
Traffic Signals	<u>10,000</u>	<u>10,000</u>	<u>20,000</u>
Totals	<u>\$ 3,145,000</u>	<u>\$ 6,920,000</u>	<u>\$10,065,000</u>
Average Annual Debt Service	<u>\$ 181,800</u>	<u>\$ 400,000</u>	

Total Annual Costs

	<u>1st-5th Yrs.</u>	<u>After 5 Yrs.</u>
Operating	\$ 216,500	\$ 216,500
Capital	<u>181,800</u>	<u>581,800</u>
Totals	<u>\$ 398,300</u>	<u>\$ 798,300</u>
Est. Annual Revenue	\$ 362,600	\$ 362,600

Total Area

Estimated Annual Revenue

	<u>Annual Amount</u>
Property Taxes	\$307,400
State-shared Taxes	41,400
Auto Tax	11,100
Telephone Franchise Tax	<u>2,700</u>
Total	\$362,600

South of Wolf River

General Obligation Portion
of Cost of Annexation

Annual Operating Costs

General Government Costs	\$ 92,500
Street Lights	88,500
Schools	<u>13,500</u>
Total	<u>\$194,500</u>

Capital Costs

<u>Facility</u>	<u>1st-5th Yrs.</u>	<u>After 5 Yrs.</u>	<u>Total</u>
Streets	\$ 175,100	\$ 5,275,800	\$ 5,450,900
Drainage	-	-	-
Sewers	44,900	673,500	718,400
Sanitation Dept.	26,900	53,900	80,800
Fire Hydrants	197,600	-	197,600
Fire Stations	987,800	-	987,800
Fire Trucks & Equip.	386,100	-	386,100
Fire Alarm System	583,700	-	583,700
Parks	413,100	67,400	480,500
Library	-	134,700	134,700
Traffic Signals	<u>9,000</u>	<u>9,000</u>	<u>18,000</u>
Totals	<u>\$ 2,824,200</u>	<u>\$ 6,214,300</u>	<u>\$ 9,038,500</u>
Average Annual Debt Service	<u>\$ 163,200</u>	<u>\$ 359,200</u>	

Total Annual Costs

	<u>1st-5th Yrs.</u>	<u>After 5 Yrs.</u>
Operating	\$ 194,500	\$ 194,500
Capital	<u>163,200</u>	<u>522,400</u>
Totals	<u>\$ 357,700</u>	<u>\$ 716,900</u>
Est. Annual Revenue	\$ 325,700	\$ 325,700

South of Wolf River
Estimated Annual Revenue

	<u>Annual Amount</u>
Property Taxes	\$276,100
State-shared Taxes	37,200
Auto Tax	10,000
Telephone Franchise Tax	<u>2,400</u>
Total	\$325,700

Cost to Residents
Before and After Annexation

<u>Present Annual Cost</u>				
<u>Item</u>	<u>\$15,000</u> <u>Property</u>	<u>\$25,000</u> <u>Property</u>	<u>\$35,000</u> <u>Property</u>	<u>\$55,000</u> <u>Property</u>
Property Tax	\$ 166	\$ 277	\$ 387	\$ 608
Utilities	236	346	485	586
Sewer Charge	15	23	27	28
Refuse Collection	24	24	24	24
Fire Insurance	93	137	181	269
Telephone Franchise Tax	-	-	-	-
City Auto Tax	-	-	-	-
Totals	\$ <u>534</u>	\$ <u>807</u>	\$ <u>1,104</u>	\$ <u>1,515</u>

<u>Cost After Annexation</u>				
<u>Item</u>	<u>\$15,000</u> <u>Property</u>	<u>\$25,000</u> <u>Property</u>	<u>\$35,000</u> <u>Property</u>	<u>\$55,000</u> <u>Property</u>
Property Tax	\$ 315	\$ 525	\$ 734	\$1,153
Utilities	212	308	439	552
Sewer Charge	-	-	-	-
Refuse Collection	-	-	-	-
Fire Insurance	22	29	36	50
Telephone Franchise Tax	4	4	4	4
City Auto Tax	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Totals	\$ <u>563</u>	\$ <u>876</u>	\$ <u>1,223</u>	\$ <u>1,769</u>

Difference Per Year	+ \$29.00	+ \$69.00	+ \$119.00	+ \$254.00
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Difference Per Month	+ \$ 2.42	+ \$ 5.75	+ \$ 9.92	+ \$ 21.20
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APPENDIX B

RALEIGH STUDY AREA

General Obligation Portion of Cost of Annexation

Annual Operating Costs

General Government Costs	\$516,600
Street Lights	146,000
Schools	<u>195,500</u>
Total	<u>\$858,100</u>

Capital Costs

<u>Facility</u>	<u>1st-5th Yrs.</u>	<u>After 5 Yrs.</u>	<u>Total</u>
Streets	\$ 3,514,400	\$ 1,019,500	\$ 4,533,900
Drainage	1,250,000	4,434,000	5,684,000
Sewers	500,000	1,000,000	1,500,000
Sanitation Dept.	59,900	-	59,900
Fire Hydrants	262,500	-	262,500
Fire Stations	472,500	-	472,500
Fire Trucks & Equip.	241,500	-	241,500
Fire Alarm System	302,400	-	302,400
Parks	980,000	-	980,000
Library	-	-	-
Traffic Signals	<u>7,500</u>	<u>7,500</u>	<u>15,000</u>
Totals	<u>\$ 7,590,700</u>	<u>\$ 6,461,000</u>	<u>\$14,051,700</u>
Average Annual Debt Service	\$ 438,700	\$ 373,400	
Plus Utility District General Obligation	<u>19,500</u>	<u>19,500</u>	
Total Debt Service	<u>\$ 458,200</u>	<u>\$ 392,900</u>	

Total Annual Costs

	<u>1st-5th Yrs.</u>	<u>After 5 Yrs.</u>
Operating	\$ 858,100	\$ 858,100
Capital	<u>458,200</u>	<u>851,100</u>
Totals	<u>\$ 1,316,300</u>	<u>\$ 1,709,200</u>
Est. Annual Revenue	\$ 967,800	\$ 967,800

Estimated Annual Revenue

	<u>Annual Amount</u>
Property Taxes	\$710,800
State-shared Taxes	190,400
Auto Tax	53,700
Telephone Franchise Tax	<u>12,900</u>
Total	\$967,800

Transfer of Utility District Functions

The following table shows the method used in determining the City general obligation and Memphis Light, Gas and Water Division portions of the cost of transferring Utility District functions to the City. A fire station recently constructed by the Utility District on Egypt-Central Road would be outside of the annexed area. This station and the equipment in it represent assets of \$105,300 which are not included in the table. The Shelby County Board of Public Utilities should accept the responsibility for this fire station and equipment and establish a fire district to serve the portion of the Utility District not to be annexed.

In addition to the outstanding bonds the Utility District has liabilities of approximately \$263,000 in the form of contractually reimbursable advances from developers.

Developers pay for the installation of water mains under a contract with the Utility District. This contract calls for reimbursement as follows: no repayment during first five years; 25% of metered revenues during the second five years. It is recommended that the Light, Gas and Water Division honor the outstanding contracts.

Division of Outstanding Bonded
Indebtedness by Relative Value
of Plant Assets

Fire Department Cost:

Structure	\$ -
Land	-
Equipment	32,000
Fire Hydrants	<u>200,000</u>

Sewer Cost:	<u>135,000</u>	\$ 367,000
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Water Department Cost:

Plant Assets of Water Co.	\$ 2,853,300	
Less: Cost of Fire Dept. & Sewers	<u>367,000</u>	\$2,486,300

Ratio as Percent of Total Cost:

Fire Dept. & Sewers: \$ 367,000 / \$2,853,300 = 13%

Water: \$2,486,300 / \$2,853,300 = 87%

Total Outstanding Bonds: \$ 2,600,000

City General Obligation @ 13%	<u>\$ 338,000</u>
Memphis Light, Gas & Water Division Revenue @ 87%	<u>\$2,262,000</u>

Cost to Residents
Before and After Annexation

Present Annual Cost

<u>Item</u>	<u>\$11,000</u> <u>Property</u>	<u>\$16,000</u> <u>Property</u>	<u>\$22,000</u> <u>Property</u>	<u>\$28,000</u> <u>Property</u>
Property Tax	\$ 122	\$ 177	\$ 243	\$ 309
Utilities	287	330	377	409
Sewer Charge	24	24	24	24
Refuse Collection	24	24	24	24
Fire Insurance	49	63	79	95
Telephone Franchise Tax	--	--	--	--
City Auto Tax	--	--	--	--
Totals	<u>\$ 506</u>	<u>\$ 618</u>	<u>\$ 747</u>	<u>\$ 861</u>

Cost After Annexation

<u>Item</u>	<u>\$11,000</u> <u>Property</u>	<u>\$16,000</u> <u>Property</u>	<u>\$22,000</u> <u>Property</u>	<u>\$28,000</u> <u>Property</u>
Property Tax	\$ 230	\$ 335	\$ 461	\$ 587
Utilities	235	277	319	352
Sewer Charge	--	--	--	--
Refuse Collection	--	--	--	--
Fire Insurance	19	22	26	31
Telephone Franchise Tax	4	4	4	4
City Auto Tax	10	10	10	10
Totals	<u>\$ 498</u>	<u>\$ 648</u>	<u>\$ 820</u>	<u>\$ 984</u>

Difference Per Year	- \$ 8.00	+ \$30.00	+ \$73.00	+\$123.00
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Difference Per Month	- \$ 0.67	+ \$ 2.50	+ \$ 6.08	+\$ 10.25
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APPENDIX C

WESTWOOD STUDY AREA

Mitchell Road Sub-Area

General Obligation Portion of Cost of Annexation

Annual Operating Costs

General Government Costs	\$378,000
Street Lights	42,000
Schools	<u>82,500</u>
Total	<u>\$502,500</u>

Capital Costs

<u>Facility</u>	<u>1st-5th Yrs.</u>	<u>After 5 Yrs.</u>	<u>Total</u>
Streets	\$ 2,936,900	-	\$ 2,936,900
Drainage	-	-	-
Sewers	-	-	-
Fire Alarm System	100,000	-	100,000
Fire Hydrants	88,500	-	88,500
Fire Stations	-	-	-
Fire Trucks & Equip.	35,000	-	35,000
Parks	70,000	-	70,000
Traffic Signals	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Totals	<u>\$ 3,235,400</u>	-	<u>\$ 3,235,400</u>
Average Annual Debt Service	<u>\$ 187,000</u>	-	

Total Annual Costs

	<u>1st-5th Yrs.</u>	<u>After 5 Yrs.</u>
Operating	\$ 502,500	\$ 502,500
Capital	<u>187,000</u>	<u>187,000</u>
Totals	<u>\$ 689,500</u>	<u>\$ 689,500</u>
Est. Annual Revenue	\$ 448,200	\$ 448,200

Mitchell Road Sub-Area

Estimated Annual Revenue

	<u>Annual Amount</u>
Property Taxes	\$260,800
State-shared Taxes	152,600
Auto Tax	25,600
Telephone Franchise Tax	<u>9,200</u>
Total	\$448,200

Levi Road Sub-Area

General Obligation Portion
of Cost of Annexation

Annual Operating Costs

General Government Services	\$281,000
Street Lights	32,000
Schools	<u>70,000</u>
Total	<u>\$383,000</u>

Capital Costs

<u>Facility</u>	<u>1st-5th Yrs.</u>	<u>After 5 Yrs.</u>	<u>Total</u>
Streets	\$ 735,000	\$ 800,000	\$ 1,535,000
Drainage	410,000	620,000	1,030,000
Sewers	-	-	-
Fire Alarm System	94,000	-	94,000
Fire Hydrants	112,500	-	112,500
Fire Stations	215,000	-	215,000
Fire Trucks & Equip.	35,000	-	35,000
Parks	50,000	-	50,000
Traffic Signals	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Totals	<u>\$ 1,656,500</u>	<u>\$ 1,420,000</u>	<u>\$ 3,076,500</u>
Average Annual Debt Service	<u>\$ 95,800</u>	<u>\$ 82,100</u>	

Total Annual Costs

	<u>1st-5th Yrs.</u>	<u>After 5 Yrs.</u>
Operating	\$ 383,000	\$ 383,000
Capital	<u>95,800</u>	<u>177,900</u>
Totals	<u>\$ 478,800</u>	<u>\$ 560,900</u>
Est. Annual Revenue	\$ 333,800	\$ 333,800

Levi Road Sub-Area
Estimated Annual Revenue

	<u>Annual Amount</u>
Property Taxes	\$216,000
State-shared Taxes	95,800
Auto Tax	16,200
Telephone Franchise Tax	<u>5,800</u>
Total	\$333,800

Remainder of Area
General Obligation Portion
of Cost of Annexation

Annual Operating Costs

General Government Costs	\$373,000
Street Lights	92,000
Schools	<u>88,000</u>
Totals	<u>\$553,000</u>

Capital Costs

<u>Facility</u>	<u>1st-5th Yrs.</u>	<u>After 5 Yrs.</u>	<u>Total</u>
Streets	\$ 1,631,900	\$ 3,483,000	\$ 5,114,900
Drainage	794,800	1,050,000	1,844,800
Sewers	261,700	1,050,000	1,311,700
Fire Alarm System	50,000	-	50,000
Fire Hydrants	289,500	-	289,500
Fire Stations	215,000	-	215,000
Fire Trucks & Equip.	35,000	-	35,000
Parks	150,000	100,000	250,000
Traffic Signals	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Totals	<u>\$ 3,432,900</u>	<u>\$ 4,633,000</u>	<u>\$ 9,115,900</u>
Average Annual Debt Service	<u>\$ 244,800</u>	<u>\$ 267,800</u>	

Total Annual Costs

	<u>1st-5th Yrs.</u>	<u>After 5 Yrs.</u>
Operating	\$ 553,000	\$ 553,000
Capital	<u>244,800</u>	<u>512,600</u>
Totals	<u>\$ 797,800</u>	<u>\$ 1,065,600</u>
Est. Annual Revenue	\$ 387,700	\$ 387,700

Remainder of Area

Estimated Annual Revenue

	<u>Annual Amount</u>
Property Taxes	\$241,900
State-shared Taxes	118,600
Auto Tax	20,000
Telephone Franchise Tax	<u>7,200</u>
Total	\$387,700

Cost to Residents
Before and After Annexation

Present Annual Cost

<u>Item</u>	<u>\$2,500</u> <u>Property</u>	<u>\$7,500</u> <u>Property</u>	<u>\$12,500</u> <u>Property</u>	<u>\$15,000</u> <u>Property</u>	<u>\$20,000</u> <u>Property</u>
Property Tax	\$ 28	\$ 83	\$ 138	\$ 166	\$ 221
Utilities	157	209	258	277	345
Sewer	*	15	15	17	18
Refuse Collection	--	24	24	24	24
Fire Insurance	18	35	52	60	77
Telephone	83	83	83	83	83
City Auto Tax	--	--	--	--	--
Totals	<u>\$ 286</u>	<u>\$ 449</u>	<u>\$ 570</u>	<u>\$ 627</u>	<u>\$ 768</u>

Cost After Annexation

<u>Item</u>	<u>\$2,500</u> <u>Property</u>	<u>\$7,500</u> <u>Property</u>	<u>\$12,500</u> <u>Property</u>	<u>\$15,000</u> <u>Property</u>	<u>\$20,000</u> <u>Property</u>
Property Tax	\$ 52	\$ 157	\$ 262	\$ 314	\$ 419
Utilities	140	186	234	249	304
Sewer Charge	--	--	--	--	--
Refuse Collection	--	--	--	--	--
Fire Insurance	9	12	15	16	19
Telephone	87	87	87	87	87
City Auto Tax	10	10	10	10	10
Totals	<u>\$ 298</u>	<u>\$ 452</u>	<u>\$ 608</u>	<u>\$ 676</u>	<u>\$ 839</u>

Difference Per Year	+ \$12.00	+ \$ 3.00	+ \$38.00	+ \$49.00	+ \$71.00
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Difference Per Month	+ \$ 1.00	+ \$.25	+ \$ 3.16	+ \$ 4.02	+ \$ 5.92
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*Sample Area was not connected to a sanitary sewer.

APPENDIX D

WHITEHAVEN STUDY AREA

General Obligation Portion of Cost of Annexation

Annual Operating Costs

General Government Costs	\$1,575,000
Street Lights	429,500
Schools	<u>180,400</u>
Total	<u>\$2,184,900</u>

Capital Costs

<u>Facility</u>	<u>1st-5th Yrs.</u>	<u>After 5 Yrs.</u>	<u>Total</u>
Streets	\$ 7,000,000	\$11,000,000	\$18,000,000
Drainage	1,500,000	8,250,000	9,750,000
Sewers	-	1,000,000	1,000,000
Sanitation Dept.	300,000	-	300,000
Fire Hydrants	100,000	-	100,000
Fire Stations	1,176,000	-	1,176,000
Fire Trucks & Equip.	460,000	-	460,000
Fire Alarm System	630,000	-	630,000
Parks	250,000	500,000	750,000
Library	-	-	-
Traffic Signals	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Totals	<u>\$11,426,000</u>	<u>\$20,750,000</u>	<u>\$32,176,000</u>
Average Annual Debt Service	\$ 660,400	\$ 1,199,400	
Plus Utility District General Obligation	<u>44,000</u>	<u>44,000</u>	
Total Debt Service	<u>\$ 704,400</u>	<u>\$ 1,243,400</u>	

Total Annual Costs

	<u>1st-5th Yrs.</u>	<u>After 5 Yrs.</u>
Operating	\$ 2,184,900	\$ 2,184,900
Capital	<u>704,400</u>	<u>1,947,800</u>
Totals	<u>\$ 2,889,300</u>	<u>\$ 4,132,700</u>
Est. Annual Revenue	<u>\$ 3,238,100</u>	<u>\$ 3,238,100</u>

Estimated Annual Revenue

	<u>Annual Amount</u>
Property Taxes	\$2,486,200
State-shared Taxes	564,400
Auto Tax	151,200
Telephone Franchise Tax	<u>36,300</u>
Total	\$3,238,100

Transfer of Utility District Functions

The following table shows the method used in determining the City general obligation and Memphis Light, Gas and Water Division portions of the cost of transferring Utility District functions to the City.

In addition to the outstanding bonds the Utility District has liabilities of approximately \$1,703,000 in the form of contractually reimbursable advances from developers, and a \$250,000 loan from a bank for sewer installation.

Developers pay for the installation of water mains under a contract with the Utility District which calls for reimbursement on the basis of 50% of the metered revenue until the full cost has been paid, or for a period of ten years, whichever is less. It is recommended that the Light, Gas and Water Division honor the outstanding contracts.

The Utility District financed the installation of sewers with a seven year, 4½% bank loan repayable in monthly installments. As of June 30, 1967, five and one-half years of payments remain on the balance of approximately \$250,000. It is recommended that this debt be paid from current funds rather than bond funds to minimize interest charges.

Division of Outstanding Bonded
Indebtedness by Relative Value
of Plant Assets

Fire Department, Cost of Fixed Assets:

Structures (3)	\$ 278,500	
Land	30,000	
Equipment	169,000	
Fire Hydrants (1492)(@190/ea.)	<u>283,500</u>	\$ 761,000

Water Department, Cost of Fixed Assest:

Plant Assets of Water Co.	\$ 6,172,000	
Less: Cost of Fire Dept.	<u>761,000</u>	\$5,411,000

Ratio as Percent of Total Cost:

Fire Dept.: \$ 761,000 / \$6,172,000 = 12%

Water Co.: \$5,411,000 / \$6,172,000 = 88%

Total Outstanding Bonds: \$ 2,685,000

City General Obligation @ 12% \$ 322,200

Memphis Light, Gas & Water Division
Revenue @ 88% \$2,362,800

Cost to Residents
Before and After Annexation

Present Annual Cost

<u>Item</u>	<u>\$ 12,500</u> <u>Property</u>	<u>\$ 15,000</u> <u>Property</u>	<u>\$ 17,500</u> <u>Property</u>	<u>\$ 25,000</u> <u>Property</u>
Property Tax	\$ 138	\$ 166	\$ 193	\$ 276
Utilities	279	313	341	441
Sewer Charge	24	24	24	24
Refuse Collection	24	24	24	24
Fire Insurance	35	39	42	55
Telephone	83	83	83	83
City Auto Tax	-	-	-	-
Totals	<u>\$ 583</u>	<u>\$ 649</u>	<u>\$ 707</u>	<u>\$ 903</u>

Cost After Annexation

Property Tax	\$ 262	\$ 314	\$ 367	\$ 524
Utilities	244	276	302	391
Sewer Charge	-	-	-	-
Refuse Collection	-	-	-	-
Fire Insurance	20	22	23	29
Telephone	87	87	87	87
City Auto Tax	10	10	10	10
Totals	<u>\$ 623</u>	<u>\$ 709</u>	<u>\$ 789</u>	<u>\$1,041</u>
Difference per Year	+ \$40	+ \$60	+ \$82	+ \$138
Difference per Month	+ \$ 3.33	+ \$ 5.00	+ \$ 6.83	+ \$ 11.50

APPENDIX E

TENNESSEE ANNEXATION LAW
(Chapter 113, 1955 Public Acts, as amended)

TCA 6-308. ANNEXATION OF TERRITORY -- DEFINITIONS. As used in sec. 6-308 - 6-319, (a) "municipality" or "municipalities" shall mean any incorporated city or cities, or town or towns, and shall not include any utility district, sanitary district, school district or other public service district, whether organized under public or private acts, (b) the terms "larger" and "smaller" shall refer to population and not to area, and (c) the term "notice" shall mean publication in a newspaper of general circulation in the municipality at least seven (7) days in advance of a hearing.

TCA 6-309. ANNEXATION BY ORDINANCE. A municipality when petitioned by a majority of the residents and property owners of the affected territory, or upon its own initiative when it appears that the prosperity of such municipality and territory will be materially retarded and the safety and welfare of the inhabitants and property thereof endangered, after notice and public hearing, by ordinance, may extend its corporate limits by annexation of such territory adjoining its existing boundaries as may be deemed necessary for the welfare of the residents and property owners of the affected territory as well as the municipality as a whole, provided said ordinance shall not become operative until thirty (30) days after final passage thereof.

Provided, however, that before any territory more than one-fourth (1/4) square mile in area or having a population of more than five hundred (500) persons may be annexed under this section, the governing body of the municipality shall adopt a plan of service setting forth at a minimum the identification and projected timing of municipal services proposed to be extended into the territory proposed to be annexed. Provided, further, that before any such plan of service shall be adopted, it must have been submitted to the local planning commission, if there be such, for study and a written report, to be rendered within ninety (90) days after such submission, unless by resolution of the governing body a longer period is allowed. (This paragraph added by ch. 320, 1961 Public Acts.)

TCA 6-310. QUO WARRANTO TO CONTEST ANNEXATION ORDINANCE. Any aggrieved owner of property lying within territory which is the subject of an annexation ordinance prior to the operative date thereof, may file a suit in the nature of a quo warranto proceeding in accordance with sec. 6-308 - 6-319 and chapter 28 of title 23, to contest the validity thereof on the ground that it reasonably may not be deemed necessary for the welfare of the residents and property owners of the affected territory and the municipality as a whole and so constitutes an exercise of power not conferred by law.

If more than one (1) suit is filed, all of them shall be consolidated and tried as one (1) in the first court of appropriate jurisdiction in which suit is filed. Suit or suits, shall be tried on an issue to be made up there, and the question shall be whether the proposed annexation be or be not unreasonable in consideration of the health, safety and welfare of the citizens and property owners of the territory sought to be annexed and the citizens and property owners of the municipality. Should the court find the ordinance to be unreasonable, an order shall be issued vacating the same. In the absence of such finding an order shall be issued sustaining the validity of such ordinance, which shall then become operative thirty-one (31) days after judgment is entered unless an abrogating appeal has been taken therefrom.

If on appeal judgment shall be against the validity of such ordinance, an order shall be entered vacating the same; otherwise, it shall become operative forthwith by court order and shall not be subject to contest or attack in legal or equitable proceeding for any cause or reason, the judgment of the appellate court being final.

Should the territory hereafter sought to be annexed be the site of substantial industrial plant development, a fact to be ascertained by the court, the municipality shall have the burden of proving that the annexation of the site of the industrial plant development is not unreasonable in consideration of the factors above mentioned, including the necessity for, or use of municipal services by the industrial plant or plants, and the present ability and intent of the municipality to benefit the said industrial plant development by rendering municipal services thereto when and as needed.

The policy and purpose of this provision is to prevent annexation of industrial plants for the sole purpose of increasing municipal revenue, without the ability and intent to benefit the area annexed by rendering municipal services, when and as needed, and when such services are not used or required by the industrial plants. (This paragraph added by ch. 220, 1961 Public Acts.)

TCA 6-311. ANNEXATION BY REFERENDUM -- NOTICE. A municipality, when petitioned by interested persons, or upon its own initiative, by resolution, may propose extension of its corporate limits by the annexation of territory adjoining to its existing boundaries. Such resolution, describing the territory proposed for annexation, shall be published by posting copies of it in at least three (3) public places in the territory proposed for annexation and in a like number of public places in the municipality proposing such annexation, and by publishing notice of such resolution at or about the same time, in a newspaper of general circulation, if there be one, in such territory and municipality.

TCA 6-312. REFERENDUM ON ANNEXATION -- MODE ADDITIONAL. At least thirty (30) and not more than sixty (60) days after the last of such publications, the proposed annexation of territory shall be submitted by the county election commission in an election held on the request and at the expense of the proposing municipality, for approval or disapproval of the qualified voters who reside in the territory proposed for annexation. The legislative body of the municipality affected may also at its option submit the questions involved to a referendum of the people residing within the municipality. In the election or elections to be held the questions submitted to the qualified voters shall be, "For Annexation," "Against Annexation." The county election commission shall promptly certify the results of the election or elections to the municipality. If a majority of all the qualified voters voting thereon in the territory proposed to be annexed, or in the event of two (2) elections as above stated, a majority of the voters voting thereon in the territory to be annexed and a majority of the voters voting thereon in the municipality shall approve the resolution, annexation as provided therein shall become effective thirty (30) days after the certification of said election or elections. The mode of annexation provided in this section shall be in addition to the mode provided in sec. 6-309.

TCA 6-313. ABANDONMENT OF PROCEEDINGS. Any annexation proceeding initiated under sec. 6-309 or sec. 6-311 may be abandoned and discontinued at any time by resolution of the governing body of the municipality.

TCA 6-314. PLANNING AGENCY STUDY -- REPORT. The governing body of a municipality shall, if its charter so provides, and otherwise may, refer any proposed annexation to the planning agency of the municipality for study of all pertinent matters relating thereto, and the planning agency expeditiously, shall make such a study and report to the governing body.

TCA 6-315. RIGHTS OF RESIDENTS OF ANNEXED TERRITORY. Residents of, and persons owning property in, annexed territory shall be entitled to rights and privileges of citizenship, in accordance with the provisions of the annexing municipality's charter, immediately upon annexation as though such annexed territory had always been a part of the annexing municipality. It shall be the duty of the governing body to put into effect with respect to an annexed area any charter provisions relating to representation on the governing body.

TCA 6-316. ANNEXATION OF SMALLER MUNICIPALITY BY LARGER MUNICIPALITY. Upon receipt of a petition in writing of twenty per cent (20%) of the qualified voters of a smaller municipality, voting at the last general election, said petition to be filed with the chief executive officer of the smaller municipality who shall promptly submit same to the chief executive officer of the larger municipality, such larger municipality may by ordinance annex such smaller municipality in existence on March 8, 1955, only after a majority of the qualified voters voting in an election in such smaller municipality vote in favor of the annexation. The county election commission shall hold such an election on the request and at the expense of the larger municipality, the results of which shall be certified to each municipality. If a majority of the qualified voters voting in such election are in favor of annexation, the corporate existence of such small municipality, shall end within thirty (30) days after the adoption of said ordinance by the larger municipality, and all of the choses in action, including the the right to collect all uncollected taxes, and all other assets of every kind and description of the smaller municipality shall be taken over by and become the property of the larger

municipality; and all legally subsisting liabilities including any bonded indebtedness, of the smaller municipality shall be assumed by the larger municipality, which shall thereafter have as full jurisdiction over the territory of the smaller municipality as over that lying within the existing corporate limits of the larger municipality.

TCA 6-317. PRIORITY OF LARGER MUNICIPALITIES IN ANNEXATION. Nothing in sec. 6-308 -- 6-319 shall be construed to authorize annexation proceedings by a smaller municipality with respect to territory within the corporate limits of a larger municipality. If two (2) municipalities shall initiate annexation proceedings with respect to the same territory, the proceedings of the municipality having the larger population shall have precedence and the smaller municipality's proceedings shall be held in abeyance pending the outcome of the proceedings of such larger municipality.

TCA 6-318. MUNICIPAL PROPERTY AND SERVICES. Upon adoption of an annexation ordinance or upon referendum approval of an annexation resolution as hereinabove provided, an annexing municipality and any affected instrumentality of the state of Tennessee, such as, but not limited to, a utility district, sanitary district, school district, or other public service district, shall attempt to reach agreement in writing for allocation and conveyance to the annexing municipality of any or all public functions, rights, duties, property, assets and liabilities of such state instrumentality that justice and reason may require in the circumstances. Provided, however, that any and all agreements entered into before March 8, 1955 relating to annexation shall be preserved. The annexing municipality, if and to the extent that it may choose, shall have the exclusive right to perform or provide municipal and utility functions and services in any territory which it annexes, notwithstanding sec. 6-2607 or any other statute. Subject to such exclusive right any such matters upon which the respective parties are not in agreement in writing within sixty (60) days after the operative date of such annexation shall be settled by arbitration with the laws of arbitration of the state of Tennessee effective at the time of submission to the arbitrators and subsection (2) of sec. 23-501, shall not apply to any arbitration arising under sec. 6-308 -- 6-319. The award so rendered shall be transmitted to the chancery court of the county in which the annexing municipality is situated, and thereupon shall be subject to review in accordance with sec. 23-513 -- 23-515 and 23-518.

If the annexed territory is then being provided with a utility service by a state instrumentality which has outstanding bonds or other obligations payable from the revenues derived from the sale of such utility service, the agreement or arbitration award referred to above shall also provide (a) that the municipality will operate the utility property in such territory and account for the revenues therefrom in such manner as not to impair the obligations of contract with reference to such bonds or other obligations, or (b) that the municipality will assume the operation of the entire utility system of such state instrumentality and the payment of such bonds or other obligations in accordance with their terms. Such agreement or arbitration award shall fully preserve and protect the contract rights vested in the holders of such outstanding bonds or other obligations. (This paragraph added by ch. 381, 1957 Public Acts.)

TCA 6-319. UTILITY WATER SERVICE. If and to the extent that a municipality chooses to render utility water service within or adjacent to its municipal boundaries when all or any part of such area is included within the scope of a certificate or certificates of convenience and necessity or other similar orders of the Tennessee public service commission or other appropriate regulatory agency outstanding in favor of any person, firm or corporation authorized to render such utility water service; then the municipality and such person, firm or corporation shall attempt to reach agreement in writing for allocation and conveyance to the municipality of any or all public utility functions, rights, duties, property, assets and liabilities of such person, firm or corporation so affected that justice and reason may require. If, within a reasonable time, the parties cannot agree in writing on allocation and conveyance, then either party may petition the circuit court of the circuit in which such area is located for determination of value and damages suffered by such person, firm or corporation as a result of such municipal choice.

Such proceeding shall be conducted according to the laws of eminent domain of the state, chapter 14 of title 23 of this Code, and shall include a determination of actual damages, incidental damages, and incidental benefits, as provided for therein, but in no event shall the amounts so determined exceed the replacement cost of the facilities.

SUMMARY OF INCORPORATION STATUTES

Municipalities are corporations with charters granted by the State. When a group of citizens desires to incorporate as a municipality they must comply with the procedures and satisfy the criteria outlined in the state statutes (T.C.A. 6-101 through 6-134). Requirements relating to population, property and location are summarized below; procedural guides and regulations are not included in this summary.

- An application for a charter of incorporation can be made by 100 legal voters.
- The territory to be incorporated must contain not less than 200 persons and real estate worth not less than \$5000.
- No part of the territory can be within two (2) miles of an existing incorporated city if the territory contains less than 500 persons.
- Territory within five (5) miles of an existing city of 100,000 or more population by the latest census cannot be incorporated, provided, the existing city annexes not less than 20% of the land area of the territory, or 35% of the population of the territory within 15 months from the date the required voters' list is filed.